Aeronautical Systems Center

Rapidly delivering war-winning capability

U.S. AIR FORCE

F-117
Performance Based Logistics

Maj John Hunter
F-117 Logistics Specialist
ASC/YND
(937) 904-5440
john.hunter@wpafb.af.mil

F-117 Mission

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- **LO Precision strike**
  - **AF Core Competency**
- **Strong emphasis on no collateral damage**
- **Target subset only F-117 can realistically service**
- **Keep viable thru 2018+**

Topics

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- **F-117 Sustainment Partnership**
- **F-117 Performance Based Logistics**
- **F-117 Keys to Success**
- **F-117 Lessons Learned**

Program Genesis

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- **LM Aero heritage and “in-place” support**
- **Small fleet of operational aircraft only at Hollomon AFB, NM**
- **Depot and CTF collocated**
- **BRAC decision forcing SPO closure**

Program Priorities

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- **Maintain supportability** of aging aircraft systems (i.e. Operational Readiness)
  - **Upgrades to resolve vanishing vendor, obsolescence, etc.**
- **Improve survivability** against the evolving threat
  - **RF Threats**
  - **IR Threats**
- **Add new capabilities** that improve operational effectiveness, reliability, or maintainability
  - **Adverse weather attack**
  - **Data link**

Program Goals and Objectives

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- **Increase current level of LM-Aero support**
  - **7 performance metrics**
- **Reduce F-117 ownership cost**
  - **Stabilized CLS funding**
  - **Incentivized cost sharing**
  - **Reduce SP(M)**

F-117 Work Split

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LMA-P Expanded Roles

- **Modification, Integration, and Sustainment**
  - **System engineering**
  - **System/subsystem integration**
  - **Configuration management**
  - **Item/Materiel management**
  - **Subcontractor management**
  - **Warehousing/Transportation**
  - **Direct supply support to 49FW**
  - **Reporting requirements support to Air Force**

Core Government Functions

- **Program Direction**
- **Requirements Determination**
- **Budgeting/Financial Execution**
- **Contract Management**
- **Product/Service Acceptance**
- **Security**
- **OSS&E**

Final SPO size will be based on degree of effort, personnel skills/expertise, contractor strength, contract vehicle, acceptable risk

RE: F-117 TSPR ASP Brief, 24 Sep 97

Program Exclusions

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- Government core functions
- Organizational maintenance
- Engine off-aircraft maintenance
- Upgrades and modifications
  - Added as Engineering Change Proposals
- Stock listed item inventory

LMA-P only accountable for what it can control
SPO responsible for overall program success

Topics

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Contract Overview

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- **Long-term with guaranteed funding stability**
  - **Five-year contract with an option to extend three years**
  - **Supports contractor investment to achieve future savings**
- **Contract Type: Cost Plus Incentive Fee / Award Fee**
  - **Performance Incentive Fee, Objectively measured (7 metrics)**
  - **Award Fee, Subjectively evaluated (4 categories)**
  - **Cost Share (50/50 share ratio)**
- **Simplified Contract Line Item Number (CLIN) structure**
  - **4 Line Items for total support (reduced from 33)**
  - **11 Contract Data Requirements List items (CDRLs) (reduced from 180)**

Contract Management

Incentive Fee Metrics

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Performance Incentive Matrix

SCORE	METRIC	NMCS NON-NSN ITEMS (%)	MICAP DELIVERY (HRS)	RSP KITS XD (% fill)	DEPOT DELIVERY (Days Late)	DEPOT AIRCRAFT QUALITY (Pts.)	DELINQUENT DRS (#)	WST AVAILABLE (%)
	WEIGHT	25	15	15	15	15	10	5
	10	5.0 - below	72	96%	0 - 0.9	20	1 or Less	99.0%
	9	5.1 - 5.5	73 - 84	95%		21 - 25	2	98.5%
	8	5.6 - 5.0	85 - 86	94%	1.0 - 1.9	26 - 30	3	98.0%
	7	6.1 - 6.5	97 - 108	93%		31 - 35	4	97.5%
	6	6.6 - 7.0	109 - 120	92%	2.0 - 2.9	36 - 40	5	97.0%
	5	7.1 - 7.5	121 - 132	91%		41 - 45	6	96.5%
	4	7.6 - 8.0	133 - 144	90%	3.0 - 3.9	46 - 50	7	96.0%
	3	8.1 - 8.5	145 - 156	89%		51 - 55	8	95.5%
	2	8.6 - 9.0	157 - 168	88%	4.0 - 4.9	56 - 60	9	95.0%
	1	9.1 - 9.5	169 - 180	87%		61 - 65	10	94.5%
	0	9.6 & Up	181 & Up	86%	5.0 or More	65 & Up	11 & Up	94.0%

Incentive Fee based on 12 month rolling average scores

Award Fee Performance Criteria

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- **Award Fee Plan renegotiable to respond to changing needs**

Plus 9 sub-elements

Evaluators

- **System Program Office**
- **Defense Contractor Mgmt. Agency**
- **Combined Test Force**
- **Air Combat Command**
- **49th Fighter Wing**

Award Fee History

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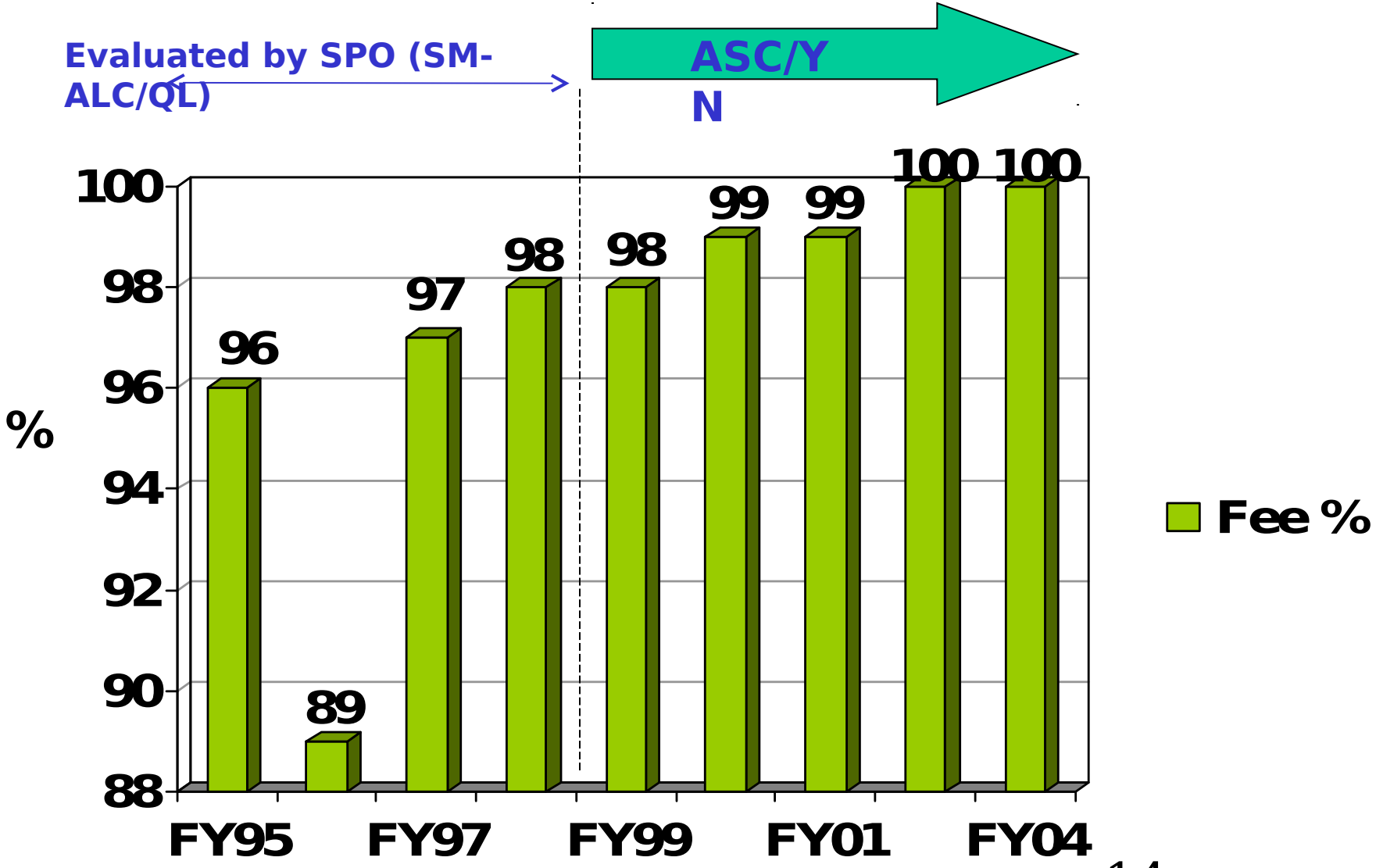

TSSP – Financial Performance

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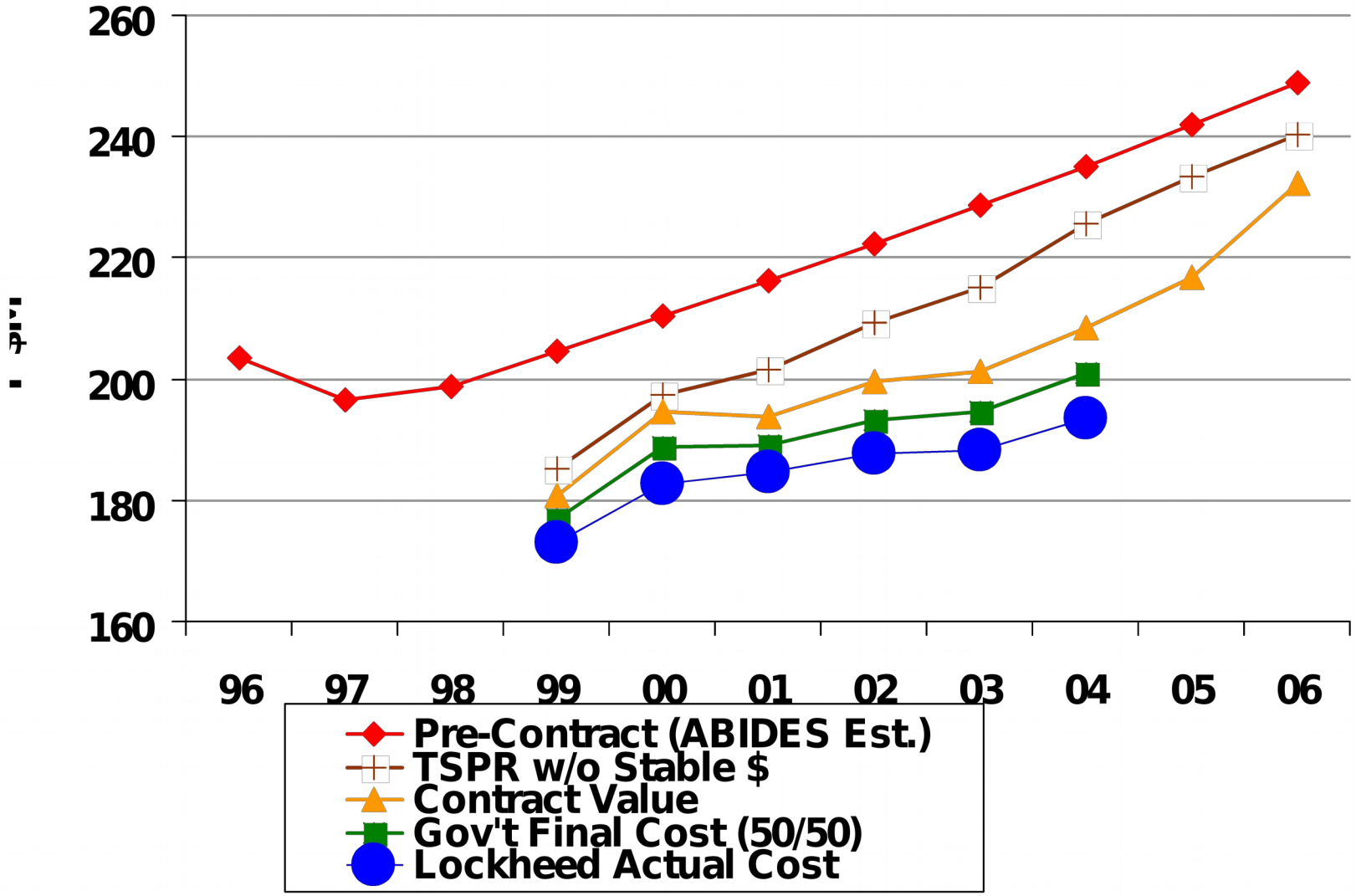

Stabilized funding and contractor incentives have been key to

CLIN Definitions

- **CLIN 1: Logistics Sustainment**
  - **Off-aircraft maintenance, storage and shipping of all non-NSN parts**
  - **93% of the contract money spent on CLIN 1**
  - **70% of incentive fees apply to CLIN 1**
  - **Only CLIN with stabilized funding**
- **CLIN 2: Modification (Depot) Line**
  - **30% of incentive fees apply to CLIN 2**
  - **Includes depot maintenance and mod kit fab/installation**
- **CLIN 3: Engineering Development**
  - **Design work**
- **CLIN 4: Over and Above**
  - **Wartime and catastrophic aircraft damage**

Topics

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Supporting the Warfighter

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- **Deployed Support**
  - **Footprint reduced by 33%**
  - **14 day repair turnaround**
  - **Direct commercial ship**
  - **Single Configuration Fleet**

    LO spares in half
- **Underruns have mitigated program funding shortfalls**
- **Supply Annex at HAFB cuts MICAP response time by 1/3**

Other Improvements

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- **Cost Reduction**
  - **Digitizing technical inform**
  - **Lean processes**
  - **Increased engine on-wing t**
  - **Preferred spares**
- **Incentivized Subcontracting**
  - **80% of subcontract dollars incentivized**
  - **Maintaining CLS goals of small / disadvantaged business**

"The growth in operating cost for the F-117 over the last five years has been miniscule compared to increases for other similar aircraft. Whatever the folks at Holloman are doing....should be the envy of the Air Force." **White House Office of Management and Budget (OMB), Oct 2001**

Program Financial Results

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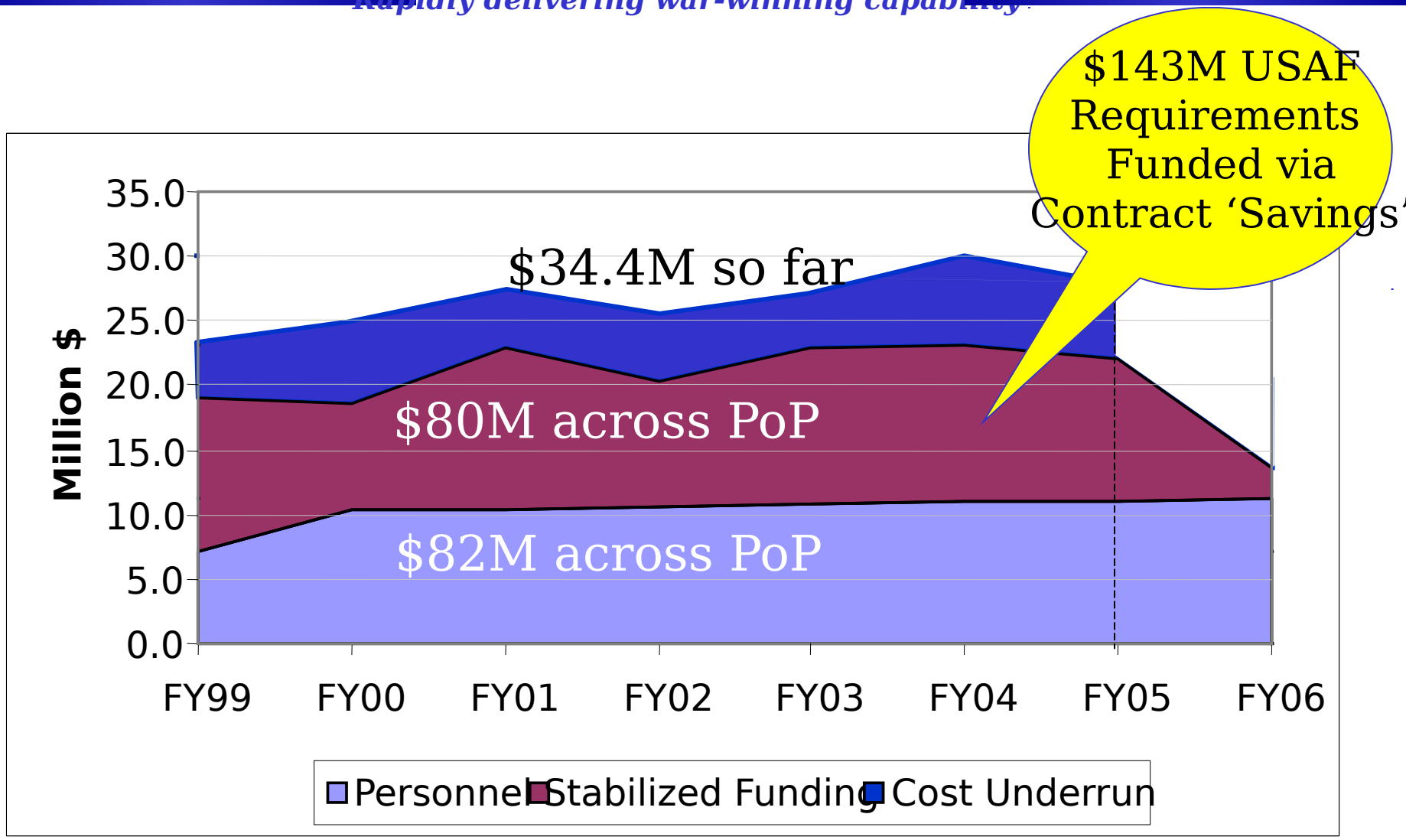

Keys to Success

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- **Long-term relationship and funding stability**
- **Set of incentive fee metrics that are**
  - **Operationally relevant**
  - **Objective, readily collected**
  - **Under contractor control**
- **Award fee measures that are**
  - **Programmatically relevant**
  - **Subjectively useful**
  - **Under contractor control**
- **Dedication to the mission (Culture) and desire to succeed – *real* teaming**

Alignment of Gov't / Contractor goals

Topics

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General Lessons Learned

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- **Mission success, Government cost savings and contractor profitability are not mutually exclusive!**
- **Effort to structure incentives to maximize desired performance and align contractor's goals with government's pays off for all**
- **Need clear understanding of warfighter goals to balance investment stability and budgetary flexibility**

- **Lean SPO concept creates new challenges in manning, promotions, insight, and skills mix**
- **Reinforce recognition by all Government agencies that Contractor is performing the same functions as an ALC and is an agent of the SPO**

Award Fee Management

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- **Honest criticism can be tough on teamwork**
  - **SPO role transition from ‘partner’ to ‘grader’, then back**
  - **Exacerbated by Gov’t management turnover**
  - **Accept shared responsibility, solve issues together**
- **What gets measured…improves – choose carefully**
- **CLIN 1 is 93% of the contract $**
  - **Should the other areas be worth more than 7%?**
- **It’s a tool, used at the discretion of the SPD to achieve desired results**

Summary

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- **Stable, long term commitment is key!**
- **Unique mission, single user**
- **Dedication of contractor workforce**
- **Performance metrics targeted to user requirements**
- **Contractor motivated to save money**
- **Constant maintenance of relationships**